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CALIFORNIA STATE TREASURER PHIL ANGELIDES

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BUSH TAX PLAN WILL COST CALIFORNIA TAXPAYERS $17 BILLION IN HIGHER INTEREST COSTS ON BONDS

Costs to Nation's Taxpayers Pegged at $155 Billion

Sacramento, CA - Under the Bush tax proposal, California taxpayers will pay an additional $17 billion in interest over the life of bonds issued over the next 10 years to finance public investments like schools, transportation, and clean water, according to a report released today by California State Treasurer Phil Angelides. The report, ***No Dividends: How Taxpayers Lose Under the Bush Plan,*** predicts that, nationally, taxpayers will fork over an additional $155 billion in higher interest costs on bonds, issued over the next 10 years, if the plan is adopted.

"The President's proposal to eliminate taxes on dividend earnings shakes the very foundation of our road to economic recovery," said Treasurer Angelides, upon release of the report. "If the plan is adopted, public investments that underpin our economy, here in California and across the nation, will cost billions of dollars more."

The Bush proposal to exempt private stock dividend earnings from taxes marks a historic departure from decades-old tax policies that grant a tax exemption for municipal bonds because of their broad public benefit. The elimination of federal income taxes on stock dividend earnings would create a category of investment that competes with municipal bonds, thus driving up the interest rates that taxpayers pay to finance public investments.

Experts project that the Bush plan will increase municipal bond interest rates. The report analyzes the impact of increased bond interest rates of up to 0.5 percent.

Copies of the report are available at www.treasurer.ca.gov, or may be obtained by telephoning the State Treasurer's Office at 916/653-2995.